

One-Time Cap on Medicaid County Share 2006 Session Legislation

A. Background:

During the 2006 Session, the North Carolina General Assembly appropriated \$27.4 million in nonrecurring funds to provide a one-time cap of the county share of Medical Assistance Payments during FY 2006-07.

- During FY 2005-06, counties paid \$426.6 million to the Division of Medical Assistance to cover the county share of Medicaid. The Division of Medical Assistance has estimated that the county share of Medicaid for FY 2006-07 will be \$454 million. The \$27.4 million appropriation for the one-time cap of the county share of Medical Assistance Payments represents the difference between the actual county payments for FY 2005-06 and the estimate by the Division of Medical Assistance for FY 2006-07.
- Funding was appropriated to the Division of Medical Assistance to cover the increased State costs for the nonfederal share of Medical Assistance Payments (administrative costs are excluded) resulting from the one-time capping of the county share of Medical Assistance Payments at the FY 2005-06 expenditure level.
- While counties will not receive direct funding from the \$27.4 million appropriation, county Medicaid payments will not exceed the levels paid during FY 2005-06 as defined in section 10.19E S.L. 2006-66. (See chart showing the estimated savings for each county.)

B. One-Time Cap on Medicaid County Share (Section 10.19E of S.L. 2006-66):

- The one-time assistance for the county share cannot exceed the \$27.4 million appropriated for that purpose.
- If the total county share of Medicaid for FY 2006-07 exceeds the amount of payments paid by counties in FY 2005-06 plus the \$27.4 million appropriated to provide a one-time cap on Medical Assistance Payments, counties will be required to pay 15% of the nonfederal share of the excess expenditures.
- Any unused portion of the \$27.4 million appropriation for the one-time cap on the county share of Medicaid is required to revert to the General Fund at the end of FY 2006-07.
- If a county's share of Medical Assistance payments for FY 2006-07 is less than the share paid in FY 2005-06, the county will pay the lower amount.
- The Department of Health and Human Services is required to track county Medicaid expenditures on a monthly basis and report to the Fiscal Research Division.